

MONTANA
DRINKING WATER STATE REVOLVING FUND
ANNUAL REPORT

FOR STATE FISCAL YEAR 2007
(JULY 1, 2006 THROUGH JUNE 30, 2007)

Prepared by
Montana Department of Environmental
Quality
and
Department of Natural Resources and
Conservation

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**MONTANA
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I. INTRODUCTION

This Annual report adheres to the Operating Agreement negotiated between the State of Montana and the Environmental Protection Agency (EPA) concerning the administration of the Drinking Water State Revolving Fund (DWSRF). The annual report summarizes DWSRF activities for the state fiscal period beginning July 1, 2006 and ending June 30, 2007 (SFY07).

The DWSRF program was established as a result of the 1996 Amendments to the Federal Safe Drinking Water Act, which provided the authority for EPA to make capitalization grants to states. The grants, in conjunction with state matching funds, are used to provide financial assistance for the construction of drinking water projects and to support administration of the state program.

In anticipation of the 1996 Amendments to the Federal Act, the 1995 State Legislature, under Title 75, Chapter 6, Part 2, Montana Code Annotated, passed the enabling legislation, entitled the Safe Drinking Water Treatment Revolving Fund Act, giving authority to the Montana Department of Environmental Quality (DEQ) and the Department of Natural Resources and Conservation (DNRC) to adopt administrative rules to implement the program. Legislation also provided the ability to generate state matching funds, through the sale of state General Obligation Bonds (GO Bond Authority). Amendments to the Drinking Water State Revolving Fund Act were passed in the 1997, 1999, 2001, 2003, and 2005 Legislative Sessions. The 1997 amendments changed the title of the Act from “Safe Drinking Water Treatment Revolving Fund Act” to the “Drinking Water State Revolving Fund Act” and also made other changes consistent with the Federal Act. During the 1999 Legislative Session, the 1999 amendment clarified the transfer language between the DWSRF and Water Pollution Control State Revolving Fund (WPCSRF) Programs and added GO Bond Authority. The 2001 Amendment authorized the program to advance funds to projects funded, in part, by the federal government when federal funding has been approved but not appropriated. This provides interim financing until those federal funds become available. The 2003 Amendment increased GO Bonding Authority by \$10 million, raising the total to \$30 million. The 2005 amendment authorized the issuing of Revenue or Grant Anticipation Notes and authorized limited principal forgiveness to disadvantaged communities.

II. EXECUTIVE SUMMARY SFY07

During SFY 07 Montana was awarded the eleventh capitalization grant in the amount of \$8,229,000 for FFY 07.

Since the inception of the DWSRF, Montana has issued five GO bonds and one Bond Anticipation Note (BAN). The proceeds of which have been used as state match for loans, set asides, and program administration. Montana issued its first GO bond in October 1998 (SFY99), the second GO Bond in April 2000 (SFY00), the third GO bond in June 2001 (SFY01), the fourth GO Bond in June 2003 (SFY03); and the fifth GO Bond in May 2005 (SFY05). The total amount of bonds issued to date is \$14,795,000. A summary of these bond issues is provided in Exhibit 1. Montana is planning for its sixth GO Bond later in calendar year 2007.

Exhibit 1, Sources of DWSRF Funds Through SFY07, provides a complete tabulation of capitalization grant awards received through June 30, 2007, projected state match, binding commitments for loan projects through SFY07, and GO bonds and BANs issued for state match. The combination of capitalization grants and bond proceeds provided the needed funds for DWSRF projects, set asides, and program administration during SFY07. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of \$-0- for SFY07.

During SFY07, the DWSRF program executed 17 project binding commitment agreements totaling \$16,174,000, increased two commitments in the amount of \$833,000 with total commitment of funds of \$17,007,000 for the period. For a detailed breakdown of all DWSRF binding commitments signed and key dates of project activity that occurred in SFY07, refer to Exhibit 2: DWSRF SFY07 Binding Commitments Executed. See Exhibit 3 and 4 for the closed loans.

Detailed information concerning use of DWSRF funds, accomplishments of the program and adherence with the stated goals of the program are provided on the following pages.

III. GOALS OF THE DWSRF

The following information describes the goals of DWSRF program as identified in the SFY07 Intended Use Plan, and how these goals were achieved by the activities performed by DNRC and DEQ personnel throughout the course of the year.

Long-Term Goals

1. To continue building and maintaining a permanent, self-sustaining state revolving fund program that will serve as a cost-effective, convenient source of financing for drinking water projects in Montana.

Projects funded during SFY07 met all program requirements governing financial capability to assume debt. Four of seven projects received an interest rate of 3.75% on their loans (well below market rates) and three of the seven qualified for an interest rate of 2.75% under the disadvantaged community criteria or interim financing. These factors illustrate that the assistance is affordable. Refer to Exhibit 3 & 4. A copy of the cash flow with all the activity through SFY07 is included in this report as Appendix A.

2. To provide a financing and technical assistance program to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards for the protection and enhancement of Montana's public drinking water.

To promote the availability of these DWSRF program services during SFY07, DWSRF staff presented information at a variety of events. This included two infrastructure workshops and the annual Montana Rural Water Systems conference, as well as meeting one on one with community leaders.

Please also refer to the project descriptions and discussion of set-asides provided in Section V: Details of DWSRF Activity.

Short-Term Goals

1. Continue implementation and maintain the Drinking Water State Revolving Fund Program in Montana.
Since the approval of its DWSRF loan program and first capitalization grant award, Montana has

been awarded ten more capitalization grants, issued matching G.O. bonds, utilized the provision to transfer funds between the WPCSRF and DWSRF, and generated other revenue from loan repayments and interest investments. The loan fund now totals over \$105,004,633. Please see Appendix D project list and location map.

2. To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection Byproducts, Long Term 2 Enhanced Surface Water Treatment, and Arsenic Rules. Montana anticipates funding at least one project to address arsenic in SFY07.

The anticipated project for arsenic treatment listed in the SFY07 IUP was for Gardiner-Park Co. The loan for that project actually closed late in SFY06. One other loan was closed in SFY07 with the Town of Big Sandy for the construction of a chlorination building and equipment.

3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expects to fund four consolidation projects in SFY07.

Only one consolidation project loan was closed during SFY07 for the Dry Prairie Regional Water System. Others are expected to close during SFY08, including Upper/Lower River Road W&SD, Lorraine South WD, and Lewis & Clark Co.-Woodlawn Park, and the Big Sky WD systems.

4. To fund projects that address replacement of aging infrastructure. Montana anticipates funding at least five projects of this type in SFY07.

Five new projects were funded in SFY07 to replace aging infrastructure. These projects were the City of Plentywood, the Town of Richey, Yellowstone Co, the City of Kalispell, and the City of Helena.

5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. At least three refinancing loans are expected in SFY07.

Two of the loans mentioned above, the Town of Big Sandy and the City of Kalispell, were to refinance debt previously incurred by the communities to construct their water system improvements.

6. Ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.

The trained technical staff of the Planning, Prevention, and Assistance Division (PPAD) continues to use the DWSRF Handbook of Procedures and knowledge gained from many years of operating the WPCSRF Program to ensure that this objective is met. The Handbook of Procedures is used as a guide to ensure that all state and federal laws governing the technical aspects of each project are satisfied.

Steps were taken to update the Handbook of Procedures and streamline checklists and processes. A final revised edition was submitted to EPA in September 2001. This project was completed in early SFY02. It was again reviewed and updated during SFY06.

Staff attends training seminars and workshops to maintain and improve technical, financial and programmatic knowledge. In SFY07, Anna Miller, Mark Smith, Janice Yearry, Tricia Schiltz, Diana Hoy, and Bob Fischer attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop; Anna Miller, Diana Hoy, Janice Yearry, Bob Fischer, Robert Ashton and Mark Smith attended the Montana Rural Water Systems Conference; Gary Wiens, Robert Ashton, Marc Golz, and Mark Smith attended the Montana AWWA Conference; Anna Miller, and, Mark Smith attended the CIFA Legislative Conference.

7. To provide outreach to communities and utilize the set-aside funding by:
 - a. providing technical assistance to water supplies who request help with their system operation and maintenance procedures.
 - b. providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help.
 - c. assisting communities with the next phase of implementation of their Source-water/Wellhead Protection Plans.
 - d. emphasizing that Public Water Supply Program (PWSP) staff perform sanitary surveys; facilitate SDWA compliance of the Long Term 2 Enhanced Surface Water Treatment, Stage 2 Disinfectant/Disinfection By-Products, Groundwater, and Arsenic Rules; and obtain SDWIS-State Web 1 Release training.
 - e. ensuring that 95 % or more of the state's community and non-transient non-community water systems continue to have certified operators.
8. Ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.

See Appendix A: Cash Flow Model SFY07.

9. Ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

To the best of our knowledge, the DWSRF program has ensured Public Water Supply Supervision (PWSS) compliance through the projects that have been funded and the various set-aside activities. Close coordination with the PWSS program has been essential in this effort.

The only exception is the project for the City of Boulder, which was funded in SFY 2000. The community historically had copper exceedances and was out of compliance with the Lead and Copper Rule. Extensive distribution system replacement was intended to mitigate the problem. Additional evaluation and corrective action are being performed at this time. The City has hired an engineer, who prepared a Preliminary Engineering Report (PER), and is currently working on the design of treatment processes and equipment for the system.

IV. FINANCIAL REPORTS

The Montana Legislative Audit Division (LAD) has completed their audit work for SFY06. Financial statements were presented to the Legislative Audit Committee (LAC). An unqualified opinion was issued for the financial statements. A copy of the report was submitted to EPA Region VIII.

DEQ and DNRC engaged LAD to audit the State Revolving Fund financial activity beginning in SFY98. This decision was based on a new audit requirement conveyed in a directive from the Office of Water, Inspector General's Office, and the Office of Management and Budget.

The SFY07 un-audited financial statements, including footnotes are not yet finalized. They are normally included as Appendix B, but will have to follow this report. They are expected to be completed in the very near future. The SFY07 audit should be complete by May 2008.

V. DETAILS OF DWSRF ACTIVITY

A. LOAN ASSISTANCE

During SFY07 the DWSRF program closed seven loans; signed seventeen project binding commitment agreements; and increased two binding commitments.

Project Bypass

If it is determined by DEQ that a project or projects are not ready to proceed or that the project sponsors have chosen not to use the Drinking Water SRF funds, other projects may be funded in an order different from that indicated on the priority list. If DEQ chooses to bypass higher ranked projects, it should follow the bypass procedure.

Montana bypassed 133 projects on its Priority List with the funding of the Town of Big Sandy, ranked 140. Six other loans were closed. The higher ranked projects were not ready to proceed at the time, or perhaps were being financed by other funding entities. They were by-passed to fund lower ranked projects that were ready to proceed with construction, or that had already been constructed and desired refinancing to improve financial capacity. Refer to Exhibit 3: DWSRF Capitalized Grant Closed Loans For SFY07 and Exhibit 4: DWSRF Recycled Closed Loans For SFY07. Notification was sent to all by-passed communities that described the proposed projects to be funded, and also included the assurance that funds were still available for all loan applications anticipated at that time. No responses were received. One emergency project was funded in SFY07 for the Town of Richey storage reservoir replacement.. The status of top individual projects on the priority list that were bypassed is discussed below.

1. Carter-Choteau Co. W&SD. The community has applied for alternative state and federal grant funding, including Rural Development (RD). To date, no application or other information has been submitted to the SRF Program.

2. Hill County WD. System has agreed to a compliance schedule with DEQ Enforcement Division, which includes developing another surface water source. An SRF loan for these improvements is expected to close early in SFY08. They have been awarded a STAG grant, and are also planning to join the North Central/Rocky Boys Regional Water System when it is constructed in the future.

- 3 Town of Opheim. Project has been completed using alternative funding sources and needs to be removed from the SRF project priority list. It was inadvertently left on the SFY08 priority list.

4 Eastview Acres HOA. Status of project unknown.

5. South Chester WUA. System has been negotiating compliance schedule with DEQ Public Water Supply Program. They are exploring alternative grant funding, and are also planning to join the North Central/Rocky Boys Regional Water System when it is constructed in the future.

6. Town of Kevin. This proposed project was just added to the priority list for SFY08 and a loan application is expected later in the fiscal year.

7. Upper/Lower River Road W&SD. Project is being funded with SRF loans that closed in SFY06. An additional phase was expected during SFY07 but did not occur, and will likely be constructed with an additional SRF loan during SFY08.

8. Butte-Silver Bow. Project is exploring alternative grant funding.

9. Piegan Border Station. Status of project unknown.

10. Essex. System has been negotiating compliance schedule with DEQ Public Water Supply Program. They are exploring alternative grant funding, and may also utilize SRF funding at a future date.

11 & 12. City of Three Forks. This project was completed late in SFY07 and can now be removed from the priority list.

13. Town of Stevensville. System has prepared a preliminary engineering report (PER), and is pursuing grant funding for a portion of the project, but also still intends to utilize SRF funds. Construction is anticipated in 2008.

14. Town of Jordan. The community has obtained alternate funding sources and the project is under construction.

15. Dry Prairie Regional Water System. It is expected that another SRF loan will be closed in SFY08 to begin work on the next phase of this project.

16. City of Kalispell. This project was previously constructed and later refinanced with an SRF loan in SFY07. It can now be removed from the priority list.

17. Rocky Boys/North Central Regional Water System. Construction has started on this project

utilizing other sources of funding, and it is anticipated that an SRF loan may be closed sometime during SFY08.

18. Town of Clyde Park. Status of project is unknown.

19 & 20. City of Helena. This project started construction and closed an SRF loan late in SFY07. The project scope has changed somewhat and the description should be updated in the priority list.

Disadvantaged Communities

Communities seeking a Drinking Water SRF loan that meet the disadvantaged community criterion described in the Intended Use Plan may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing. This includes communities that will meet the disadvantaged criterion based on projected rates as a result of the project.

In SFY07, Montana closed three loans and increased one Bond Anticipation Note (BAN) at a 2.75% interest rate, in the amount of \$1,080,000. No other communities satisfied the disadvantaged criteria. In SFY08 we will have several loans with communities that may qualify for the disadvantaged interest rate.

Small Systems

The table below shows the breakdown of the population served by our loans in SFY07. We had a total of seven loans and increased one BAN, for a total of \$5,986,159. Five of these loans are with small systems that serve a population of less than 10,000 people. Small systems represent 71% of the loans made in FY07.

Public Water Supply	Population	Loan Amount
1. Big Sandy	703	\$353,000
2. Dry Prairie Regional PWS	1600	\$507,000
3. Helena	27,383	\$2,750,000
4. Kalispell	17,381	\$1,283,159
5. Plentywood	2100	\$500,000
6. Richey	178	\$120,000
7. Sheridan BAN Increase	659	\$ 100,000
TOTAL		\$5,986,159

Projects Provided Funding

Following is a brief summary of the projects that began or continued activity during SFY07:
(Photos courtesy of SRF Program Staff.)

TOWN OF BIG SANDY

The Town of Big Sandy refinance loan is for the construction of a treatment building, installation of chlorination equipment, and meters for individual service lines. The total loan amount is \$353,000, and was closed on January 8, 2007. The town qualified as a disadvantaged community and received a lower interest rate of 2.75%. The project helps Montana meet its intended use plan goals of protecting public health by helping communities deliver better quality water and also comply with the SDWA Total Coliform Rule.

CITY OF BILLINGS

The City of Billings construction loan is funding two projects at the water treatment plant. One project is a rehabilitation of the filter building, filter controls and piping and the addition of four new filters – all for surface water treatment. The second project is replacing the existing maintenance building with a new maintenance building. The authorized loan amount is \$17,300,000 and the loan closed on December 21, 2005. The filter building rehabilitation is progressing well and on-schedule to be completed in October 2007. The maintenance building project is also progressing towards completion this year. Overall these projects will cover a two-year period. The projects help Montana meet its intended use plan goals by protecting public health through rehabilitating old filtration equipment and

housing, allowing for improved reliability of the treatment system and an improved maintenance facility for the water treatment plant.

DRY PRAIRIE RURAL WATER SYSTEM

The Dry Prairie construction loan funded the construction of approximately 180-miles of pipelines and two storage reservoirs in north-eastern Montana as a part of the Fort Peck/Dry Prairie Regional Water System. This regional water system is bringing safe drinking water to a rural part of Montana that has very limited potable water sources other than the Missouri River. The regional water system is funded by a creative array of federal, state and local monies. This project helps Montana meet its intended use plan goals by consolidating public water supplies, centralizing technical, financial and managerial capabilities and bringing safe drinking water to a widespread population.



GARDINER-PARK COUNTY WATER DISTRICT

The Gardiner-Park County engineering and construction loan funded the design and construction of a new water treatment system. The wells serving the town of Gardiner have Arsenic concentrations in excess of 25 micrograms per liter. The project included the construction of an arsenic treatment system and a pipeline from the wells to the treatment plant. The authorized loan amount is \$500,000. The project is complete; the final disbursement has been made for a total loan amount of \$463,784. This

project helps Montana meet its intended use plan goals of protecting public health by reducing arsenic concentrations in the public water supply serving Gardiner Montana and by proactively addressing compliance with the new arsenic standard.

CITY OF HELENA

The City of Helena drew an additional \$523,464 for a total loan amount of \$2,850,000 to purchase and install new water meters throughout the city. The old, inaccurate meters were replaced with new radio read meters that reduce the time spent on collecting monthly water use data from homes and businesses. Installation of meters began in May 2005 and the final draw on the loan was made in April 2007. By accurately billing water users the city will ensure a fair and consistent revenue stream that will enhance the financial capacity of the system. The city also closed on another loan of \$2,750,000 to fund the upgrading of facilities at the Missouri River Water Treatment Plant. The project includes a new clearwell and pump station improvements for the purpose of improving capacity at the plant and shifting reliance away from the city's aging Tenmile Water Treatment Plant. Construction began in March 2007 and is expected to be completed in 2008. The new facilities will enhance system capacity by allowing better use of the Missouri River raw water source, which has consistent water quality and reliable quantity.



CITY OF KALISPELL

The City of Kalispell loan of \$1,283,159 refinanced the construction costs of a water meter, main extension and flushing hydrant installation project. The improvements meet Montana's goal to protect public health by ensuring the continued integrity of the city's distribution system and the ability to maintain water quality under all flow conditions and during all seasons of the year. Refinancing the debt on the project also enhanced the financial capacity of the system.

CITY OF LIVINGSTON

The City of Livingston loans of \$322,088 and \$676,472 funded water main extensions to serve the west side of the city. Design of the new mains began in late 2004 and final plans and specifications were approved by DEQ in June 2005. Construction began in July 2005 and was completed in January 2006. This project helps Montana meet its intended use plan goals by protecting public health through building system capacity and by ensuring the technical integrity of the project.

CITY OF MILES CITY

The City of Miles City drew \$1,007,697 of \$1,050,000 committed for the construction of a new elevated steel water storage reservoir to replace an aging tank in the city's Riverside Park. The foundation was poured in the fall of 2005 and the steel fabricated over the winter and erected in the spring of 2006. This new structure ensures the city will have an adequate water supply during periods of extreme demand. This project will improve the quantity and quality of the city's drinking water and enhanced the city's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

TOWN OF PLAINS

The Town of Plains construction and engineering loan funded the replacement of the pump and motor at the existing Well No. 1, rehabilitation of the well, the replacement of the associated transmission main, and modifications to the existing pump house. The project also included the addition of an emergency backup generator and improvements to the telemetry system. The Town has been unable to meet the current water system demand after losing the use of the Bolin Springs due to the influence from surface water. The new pump, motor and rehabilitation have increased the Well No. 1 flow from 240 gpm to approximately 380 gpm. This work was completed in June 2006. The project was funded using a \$265,000 DWSRF Loan that closed in January 2006. This project helps Montana meet its intended use plan goals of ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quantity and maintaining system pressure for the Town of Plains, Montana.

CITY OF PLENTYWOOD

The City of Plentywood construction and engineering loan funded a water main replacement project. This project replaced existing water mains, hydrants and valves that were undersized or otherwise in need of replacement. The project was done to reduce leakage from the water system prior to the future connection to The Dry Prairie Regional Water System. The initial loan of \$500,000 was closed on October 19, 2005. Construction began in the spring of 2006 and an additional loan of \$500,000 was made July 5, 2006. Most of the work was done with pipe bursting and the system was operational by August 14th, 2006. As-built drawings and operation and maintenance manuals were received in 2007 with a final loan payment made in September 2007. This project helped Montana meet its intended use plan goals by replacing undersized and deteriorated mains and improving water pressures and minimizing water loss.

TOWN OF RICHEY

The Town of Richey loan financed the emergency replacement of a failed concrete water storage reservoir with a 100,000-gallon bolted steel tank. In August, 2006, an engineering investigation determined that extensive leakage in the community's 75-year old storage reservoir was irreparable. The Town applied for emergency grants as well as a DWSRF loan to finance the \$180,000 project. The project was designed and tank construction was completed in January, 2007. Additional security features including chainlink fencing was added, and the project was completed in July, 2007. Funding sources included \$45,000 from DWSRF and \$135,000 in emergency grants from the Montana Departments of Natural Resources and Conservation and Commerce. The improvements meet Montana's goal to protect public health by ensuring the continued integrity of the Town's ability to maintain water quality under all flow conditions and during all seasons of the year.

This project helped Montana meet its intended use plan goal of protecting public health by providing a small community the financing for an updated and efficient storage facility.

CITY OF SHELBY

The City of Shelby construction loan (Phase II) funded design and construction of a new municipal water supply well and well house. The project also included improvements to the well field transmission mains.

This work included drilling a replacement well for City Well #4 that was under the influence of surface water. Several transmission mains were replaced to improve water supply and reduce the threat of infiltration. The project was funded using a \$709,000 DWSRF Loan (recycled funds). The City of Shelby's water system was threatened with potential water contamination from Well No. 4 being under the influence of surface water and the well field and transmission mains existing within the floodplain of the Marias River. Construction began in fall of 2005 and was completed in the spring of 2006. The new Well No. 4 and the UV disinfection equipment installed in Phase I are operating and providing Shelby with quality drinking water. This project helps Montana meet its intended use plan goals of ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and

regulations. Funding this project also addressed public health protection by increasing the quality of drinking water to the City of Shelby, Montana.

TOWN OF SHERIDAN

The Town of Sheridan Bond Anticipation Note (BAN) funded the design of water system improvements including water main replacement, addition of a new municipal water supply well, and addition of a new 80,000 concrete water storage reservoir. The existing water distribution system is old and severe leakage from the system has been documented. The existing water supply relies on only one well field and the current storage capacity is unable to meet system demands. Project construction is expected to start in the spring of 2008. The project was funded using a \$195,000 DWSRF BAN loan. This project helps Montana meet its intended use plan goals by ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quality and quantity of drinking water to the Town of Sheridan, Montana. .

CITY OF THREE FORKS

The City of Three Forks loan provided \$268,000 for the construction of a building to house a new arsenic treatment plant supplied by the EPA. Construction was initiated in March 2006. The new water treatment plant began operation in November 2006, providing city users with an additional source of aesthetically pleasing, high quality water that complies with state and federal limits on arsenic. This project improves the quantity and quality of the city's drinking water and enhances the city's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

CITY OF WHITEFISH

The City of Whitefish [2] loan refinanced an existing Department of Natural Resources and Conservation Renewable Resource Loan and financed the construction of a new project to provide a connecting water main looping the north and south sections of the City's public water system. The refinanced loan had been made with the City in 1993 for the construction of a concrete water storage reservoir. The looping project includes the installation of approximately 1,800 lineal feet of 18" diameter PVC water main and a directionally-drilled crossing of the Whitefish River as well as a cased crossing of the Burlington Northern Railroad and a lumber mill site.



In addition to this connecting main, a subsequent project currently in progress will provide another looping main under the railroad yard about a half mile east of this project location, thus providing another line to stabilize pressures, provide adequate flows, and provide redundant connections between Whitefish's south side and the north side and water treatment plant. The project was completed in October, 2006 with a final loan amount of \$895,835. A 12-month inspection and Performance Criteria verification were completed in September, 2007.

CITY OF WOLF POINT

The City of Wolf Point engineering and construction loan funded the design and rehabilitation of a manganese green sand filtration system for iron and manganese removal. Failure of the old plant was imminent due to serious leaks that were developing in the steel structure of the treatment system. The authorized loan amount is \$730,000. Construction of the project is completed; all of the loan funds have been drawn. This project helped Montana meet its intended use plan goals by assuring the continued delivery of a reliable and safe supply of drinking water.

WORDEN-BALLANTINE YELLOWSTONE CO. WATER AND SEWER DISTRICT

The Worden-Ballantine Yellowstone Co. Water and Sewer District construction loan (Phase I and Phase II) Phase I funded design and installation of a new concrete water storage reservoir, replacement of water mains, hydrants and valves, and improvements at the existing water infiltration gallery overflow and booster pump station, telemetry and controls. Phase II of the project included the design and construction of a new municipal water well, well house and transmission main. The project was funded using a \$500,000 DWSRF Loan that closed in May 2005. A second DWSRF Loan for \$368,000 was closed in August of 2005. Worden-Ballantine WSD's sole source of water was an agricultural drain, which was susceptible to backflow from a creek at the outfall. The distribution was undersized in places with hydrants attached to 4-inch mains. Also, the existing elevated storage reservoir contained less than half an average day's water demand. The new storage reservoir, municipal water well, mains, pumps and overflow airbreak are operational and providing Worden and Ballantine with quality drinking water. Phase I final inspection, completion certification and final loan draw was completed in August 2005. Final inspection of Phase II was completed in the summer of 2006. This project helps Montana meet its intended use plan goals by ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quality and quantity of drinking water to the communities of Worden and Ballantine, Montana.

YELLOWSTONE COUNTY – GARDEN AVENUE

The Yellowstone County-Garden Avenue construction loan funded the installation of a 4075 feet of 12-inch PVC water main to replace 2-1/2 and 3-inch water mains installed in 1921 that were in very poor condition and obviously undersized. Residents were beginning to install private wells and some were hauling water. The city of Billings and Yellowstone County shared the costs of this installation. The final disbursement has been made and the loan was for \$373,000. This project helps Montana meet its intended use plan goals by eliminating old, undersized and deteriorated distribution piping; replacing it with new, adequately sized and properly protected mains.

Summary of Loan Assistance:

A tabulation of aggregate information can be found in Exhibit 5, History of DWSRF Binding Commitments. This table tabulates the quarterly federal payments, totals quarterly SRF binding commitments and cumulative binding commitments, and calculates Montana's achievement of its 100% binding commitment grant condition. In fiscal year 2007, the DWSRF maintained steady performance by executing project commitment agreements. The DWSRF completed SFY07 with binding commitments totaling 162.52% based on grant payments received four quarters earlier. We project in SFY08 that we will execute in excess of \$7,385,000 in binding commitments. See Exhibit 6: DWSRF Projected Binding Commitments SFY08.

B. FIRST-ROUND FUNDED LOANS:

First-Round loans are financed with capitalization grants and state match. The DWSRF has financed the projects listed in Exhibit 3: DWSRF Capitalized Grant Closed Loans For SFY07.

C. RECYCLED FUNDED LOANS:

Recycled loans are financed with loan repayments from first round money and funds from transfers from the WPCSRF program. The DWSRF has financed the projects listed in Exhibit 4: Recycled Closed Loans For SFY07. There were five loans made that used recycled funds in FY07.

D. SOURCE OF FUNDS:

Two sources of funds are used to capitalize the DWSRF: (1) the Federal Capitalization Grant, which provides 80% of the DWSRF loan funds; and (2) the state match, funded through the sale of GO bonds, which provides 20% of the DWSRF loan funds. State legislation originally authorized the sale of up to \$10 million in GO bonds to match federal grant funds. In the 2003 Legislative session an additional \$10 million of GO bonds was authorized for state match bringing the total authorized to \$30 million. This amount is adequate to cover funds currently authorized for the program. \$14,795,000 of GO bonds, have been issued by the DWSRF program to use as state matching funds through SFY07. See Exhibit 1: Sources of DWSRF Funds through SFY07. In SFY 07 In-kind services of \$-0- have been provided to the DWSRF program by DNRC as match to federal grant funds and were used for program administration. Also, \$8,782,486 of funds, have been transferred from the WPCSRF to the DWSRF for loans to date. See Exhibits 7 for a history of transferred funds between the two SRF programs.

The State of Montana adds a Loan Loss Reserve and an Administrative surcharge to its interest rate. The Loan Loss Reserve funds are used to fund the Required Reserve for the Drinking Water program bonds issued. Amounts over that required reserve are transferred to the principle account to be used for loans. The Administrative surcharge is used to fund administrative program costs not covered by the capitalization grants.

SFY 2007

Loan Loss Reserve funds collected: \$560,797.33

Loan Loss Reserve funds transferred to Principle Account: \$552,917.48

Administrative funds collected: \$503,503.95

E. FEDERAL FUNDS DRAWN BY THE PROGRAM:

Exhibit 8, SFY07 Summary of Drinking Water SRF Letter of Credit to ASAP Draws shows twenty disbursement requests totaling \$8,312,108, twenty five administrative set-aside disbursement requests totaling \$329,172, and sixty two non-administrative set-aside requests totaling \$966,600. The total

federal draws for SFY 07 were \$9,607,880.

F. SET – ASIDES

DWSRF Budget and Draws by Set-Asides displays the financial summary of these non-project activities, see Exhibit 9. In addition, DEQ is required to provide a 1 to 1 match for the State Program Management set-asides, which includes Public Water Supply Administration, Source Water Protection, Operator Certification, and Capacity Development. Up to one half of this match may come from expenditures made in 1993. Exhibit 10 summarizes the 1 to 1 match for SFY 07. All of the set-aside activities for the year are discussed below.

DWSRF ADMINISTRATION

The DWSRF sets aside the maximum four percent from the capitalization grants for program administration. DEQ's contract with DNRC and other activities that occurred were:

- review and assistance during planning, design, project bidding and construction
- loan origination work, administering repayments
- preparation of bond issuance with state's bond counsel firm of Dorsey & Whitney
- financial modeling
- DWSRF program audit
- costs associated with the legislatively appointed advisory committee
- public comment processes

SMALL SYSTEMS TECHNICAL ASSISTANCE

Montana has set aside 2% (the maximum allowed) of its FFY97, FFY98, FFY99, and FFY03 Drinking Water State Revolving Loan Fund grants for small systems technical assistance. In addition, the DEQ has reserved authority for the 2% allocation from the FY00 and FY01 grants. No additional funds were set aside from the FY 02 grant. An additional \$135,000 was set aside from the FY 04 grant, a \$125,000 from the FY 05 grant, \$20,000 from the FY 06 grant, and \$95,000 from the FY07 grant for a total of \$1,088,226.

This set-aside is used for contracted services and administration of contracts to meet Montana's goal of providing technical assistance to water supplies with their system operation and maintenance procedures. A contract was awarded in 1999 to Midwest Assistance Program (MAP) of Montana to provide operation and maintenance technical assistance. The O&M TA contract was re-bid in 2005 and was again awarded to MAP. Since implementation, the contractor has made over 930 site visits to small public water supplies for a total cost of approximately \$919,000. Evaluations of this service, conducted annually by DEQ, indicate the program is successfully helping small public water suppliers to effectively maintain and operate their water systems. Contracted technicians help water system operators develop or enhance technical capabilities that assist them in meeting the capacity development requirements of the 1996 amendments to the Safe Drinking Water Act.

An evaluation of the contract by DEQ DWSRF staff in May and June 2007 determined that the contract should be continued. The contract was renewed for state fiscal year 2008 (July 2007 through June 2008). The contracted services are provided to systems serving a population of 10,000 or less. Approximately 0.05 FTE is needed to provide contract oversight related to this set-aside.

PUBLIC WATER SUPPLY SUPERVISION SET-ASIDE: ADMINISTRATION

This set-aside funded salaries, benefits and operating expenses for 6.85 water quality specialists that have been assigned to the Helena, Billings and Kalispell Offices, respectively. The positions were funded through the set-aside grant for SFY06 & 07. These positions provided technical assistance to water suppliers, perform sanitary surveys, and operator training. These positions also provided direct assistance to water suppliers in implementation of the Lead and Copper Rule, Phase 2/5 rules, Total Coliform Rule, Consumer Confidence Report Rule, Enhanced Surface Water Treatment Rules, Filter Backwash Rule, Disinfection/Disinfection By-Products Rule, Radionuclides Rule, and the state's ground water chlorination rule. The set-aside also funded database development expenses associated with implementation and maintenance of SDWIS/state database, associated state-specific Oracle modules, and contracted sanitary surveys for public water supplies. All of these activities helped the PWSS Program achieve its over all goal of facilitating SDWA compliance by public water systems.

PWSS SOURCE WATER PROTECTION (SWP)

Section 1452(g) (2) (B) of the SDWA allows Montana to set aside a portion of the capitalization grant to "administer or provide technical assistance through source water assessment programs." Set-aside funds were used in State FY07 to administer the Source Water Protection Program and to provide technical assistance to local communities in the development of source water protection plans.

The specific goals achieved established in the Intended Use Plan and set-aside work plan in State FY07 were:

- The spatial data clearinghouse was provided with updated datasets.
- Section staff participated in DEQ organized training events as presenters on source water protection issues at each spring, summer, and fall water schools.
- Section staff maintained an Internet page to provide access to information that are important to understanding public water systems, ground water, and source water protection. SWP Section staff provided several articles for the biannual PWS Operator newsletter entitled "*The Montana Clearwater*".
- Section staff published source water assessment reports on a weekly basis.
- Section staff authored or provided significant input in the development of several source water assessment reports for new PWS sources. These were limited to non-profit PWSs (churches) and workload was 4 reports during the year.
- Section staff provided technical support to a non-profit technical assistance provider relating to source water protection plan development (Montana Rural Water).
- Section staff began working on SWP program indicators in SFY07. The focus is to maintain a database with sufficient information to be able to assess the percentage of PWSs that are substantially implementing Source Water Protection.

The specific goal that was not achieved established in the Intended Use Plan and set-aside work plan in State FY07 was:

- Staff will provide technical assistance to local communities in development of public access to source water protection plans. This output was not met. It is our intent to provide public access to source water protection plans however, the formal plans being developed at this time are through Montana Rural Water who has no formal obligation to DEQ. No requests to provide access were made in SFY07.

CAPACITY DEVELOPMENT

The 1996 Amendments to the Safe Drinking Water Act allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. This ensures that all new and existing community and non-transient non-community public water supply systems have the necessary technical, financial and managerial capability to comply with all of the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capacity in these areas as a condition of approval for Drinking Water SRF loans.

The state could have lost substantial portions of initial capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. DEQ avoided the first of these withholding provisions by obtaining approval in 2000 of the state's Capacity Development Strategy for Existing Public Water Supply Systems. Subsequent withholding provisions of future capitalization grants can be avoided by adhering to the approved strategy and complying with the requirements for reporting capacity development improvements to the EPA.

The strategies are a methodology used to identify and prioritize public water systems in need of improving technical, financial, and managerial capacity (a complete copy of the capacity development strategies can be obtained from DEQ). Part of these strategies includes providing assistance to those systems by use of the set-aside funding. The state of Montana has over 1900 public water supplies. Given the large number of systems and a shortage of staff with the requisite financial and managerial experience, the department has chosen to provide these services through a contractor. The department entered into a contract with the Midwest Assistance Program (MAP) in March 2001 to provide these assistance services. Since then, MAP has provided in-depth financial and managerial services to 127 public water systems. In March 2006 a new request for proposals was issued and the Midwest Assistance Program was again selected to provide financial and managerial assistance services. This new contract, which took effect in July 2006, was renewed for another year in July 2007. The contract may be renewed annually, at the discretion of DEQ, for up to a total of seven years.

These activities achieved the outputs specified in the state's intended use and set-aside work plans by providing assistance to public water systems in need of financial and managerial support. The success of these efforts is documented by the summary reports submitted by the contractor and the consistently favorable response to questionnaires sent to public water systems receiving aid.

PWSS OPERATOR CERTIFICATION

This set-aside has been used for personal services and operating expenses for staff in the Operator Certification Program. Set-aside funds are used to pay portions of the salary and benefits for all three full-time staff positions, as well as program operating expenses.

In the past year, the program has approximately 1599 certified operators, including operators for approximately 678 community systems and 251 non-transient non-community systems. These water and wastewater operators hold over 3,695 certifications. Certification program activities include public outreach, collection and processing of applications, collection and processing of examination and certification fees, training, administration of exams, monitoring of continuing education credits, compliance monitoring, and assistance with formal enforcement activities. Over 96% of the public water supply systems in each category have properly certified operators, which achieves Montana's IUP goal of 95%.

The Certification Program Manager sent the draft program to EPA Region VIII and Headquarters in October of 1999 and the program was formally approved in December 2000. The latest approval of Montana's Operator Certification Program annual submittal package was received from EPA on October

5, 2005. Positive feedback for the program has been received from both EPA Region VIII and Headquarters.

The DEQ requested and received approval for spending authority from the 2001 state legislature for very small water system expense reimbursement grant funding. EPA approved the grant application, and the reimbursement program began making reimbursements in October of 2002. Expenses associated with mandatory training expenses incurred after July 1, 2002 are eligible for reimbursement. EPA has granted an extension of the funds through June 30, 2010 and is currently reviewing the revised work plan.

The department has completed the transition of current water exams to standardized Association of Boards of Certification (ABC) water treatment and water distribution examinations. The Department will continue to track progress and evaluate statistical data to ensure that the program administers valid, comprehensive, and fair examinations.

LOCAL ASSISTANCE AND OTHER STATE PROGRAMS - SOURCE WATER DELINEATION AND ASSESSMENT AND WELLHEAD PROTECTION

Implementation of the Montana SWP Program continued in SFY07 through the completion of source water assessment reports for public water supplies by DEQ staff.

The specific goals achieved established in the Intended Use Plan and set-aside work plan in State FY07 were:

- Eighty four new PWS drinking water sources were developed in SFY07. Source water assessments were reviewed for each of these new drinking water sources.
- Section staff participated in DEQ organized training events as presenters on GW Basics at each spring, summer, and fall water schools.
- Section staff completed 43 sanitary surveys and verified PCS inventories.

The specific goal that was not fully achieved established in the Intended Use Plan and set-aside work plan in State FY07 was:

- Provide SWP packet to local governments. Packet preparation was started but will not be completed until the fall of 2007. The delay is due to a revision in some of the packet materials to better articulate what is expected of local government.
- Develop SWP Implementation Grant/loan program criteria for local governments. Some progress was made in developing the concept but the details are yet to be worked out. We intend to assess the progress by other states (eg. Oregon, Idaho) with their SWP Grant Programs before setting up a Montana version.

VI. GRANT CONDITIONS AND CERTIFICATIONS

The State of Montana agreed to the following conditions outlined in the Operating Agreement. These items are discussed in more detail throughout the body of this report. To the best of our knowledge, DEQ and DNRC have abided by all requirements of state and federal law in the administration of this program.

- (a) Assurance that the State has the authority to establish a Fund and operate the DWSRF program in accordance with SDWA.

The State of Montana's authority was re-certified and included with our application for and award of the FFY07 capitalization grant.

- (b) Assurance that the State will comply with State Statutes and regulations.
- (c) Assurance that the State has the technical capability to operate the program.
- (d) Assurance that the State will accept capitalization grant funds in accordance with a payment schedule.

Please see Exhibit 9: Drinking Water State Revolving Fund Fiscal Year 2007 Budget v. Draw by Category.

- (e) Assurance that the State will deposit all capitalization grant funds in the Fund or Set-Aside Account.
- (f) Assurance that the State will provide an amount equal to at least 20 percent of the capitalization grant (State match) in the Fund.
- (g) Assurance that the State will deposit net bond proceeds, interest earnings, and repayments into the Fund.
- (h) Assurance that the State will match capitalization grant funds the State uses for 1452(g)(2) set -asides.
- (i) Assurance that the State will use Generally Accepted Accounting Principles.
- (j) Assurance that the State will have the Fund and set-aside account audited annually in accordance with Generally Accepted Government Auditing Standards.

Please see Appendix B.

- (k) Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of privately owned system, demonstrate that there is adequate security).
- (l) Assurance that the State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- (m) Assurance that funds will be used in accordance with the Intended Use Plan.

Please see Appendix C: Drinking Water SRF Intended Use Plan and Project Priority List, SFY 2007.

- (n) Assurance that the State will provide EPA with an Biennial Report.

The submission of this document will fulfill the State of Montana's responsibility to submit a report.

- (o) Assurance the State will comply with all Federal crosscutting authorities.
- (p) The state agrees that it will conduct an environmental review and a determination will be executed and distributed using a state process consisting of the same level of environmental detail required under the state Environmental Review Process for the Drinking Water SRF Program.

All construction projects that received assistance during SFY07 were reviewed and approved using the Montana Environmental Policy Act (MEPA). It was determined that no Environmental Impact Statements were necessary. An Environmental Assessment was prepared and a Finding of No

Significant Impact was issued for all projects.

(q) The use of set-asides for Administrative Expenses, Small Systems Technical Assistance, State Program Management (Public Water Supply Supervision, Source Water Protection, Capacity Development, and Operator Certification), Local Assistance and Other State Programs (Source Water Delineation) will be identified each year in the IUP and established in accordance with the Drinking Water SRF Program Guidelines.

(r) Specific Requirements under Title XIV

1. In accordance with Section 1420(a) of the Safe Drinking Water Act, the state has the authority to ensure that all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, can demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.

EPA has reviewed and approved Montana's capacity development authority and strategies. Administrative Rules that implement Montana's strategies became effective on September 10, 1999.

2. The state currently has a water and wastewater treatment plant operators certification program within the Permitting and Compliance Division, Department of Environmental Quality.

In addition, the following conditions were given with the Capitalization Grant Award. To the best of our knowledge, DEQ and DNRC have abided by these requirements as well.

- The recipient agrees to ensure that all space for conferences, meetings, conventions, or training funded in whole or in part with Federal funds complies with the Hotel and Motel Fire and Safety Act of 1990.
- EPA Order 1000.25 Recycled Paper – DEQ is using recycled paper for printing reports to be delivered to EPA.
- Minority Business Enterprises/Women Business Enterprises (MBE/WBE) Utilization Under Federal Grants – During SFY07 loan recipients were required to comply with all Federal requirements concerning Disadvantaged Business Enterprises (DBE) Utilization either by project specification or submitting appropriate reports during construction.
- The state's fair share goal for DBE participation is 5% for SFY07 (2% MBE, 3% WBE). Refer to Exhibit 11 for the summary of the DWSRF Loans- MBE/WBE for contracts awarded during SFY07.

VII. CURRENT STATUS AND FUTURE ACTIVITIES

The DWSRF continues to use US Bank as its trustee to manage funds and accounts established under the program. To date this arrangement has been very beneficial. DNRC has internet access to US Bank accounts, which has made monthly reconciliation of WPCSRF and DWSRF accounts more timely. D.A.

Davidson and Co. and Piper Jaffray Inc. continue to act as the DWSRF bond underwriters and financial advisors. Dorsey & Whitney will continue to act as DWSRF bond counsel for the general obligation bonds issued in future fiscal years.

DEQ has completed work on the development of a project database, which may ultimately include links with the DWSRF, the PWSS program, and fiscal services in both DEQ and DNRC. The DEQ's Technical and Financial Assistance Bureau has 0.20 FTE budgeted for maintaining the WPCSRF and DWSRF databases. This person serves as liaison between SRF program staff and DEQ's data processing and IT staff. The databases again facilitated federal reporting during SFY 07.

The following schedule indicates the key dates for continuation of the Drinking Water State Revolving Fund Loan Program in SFY08:

SFY08 ESTIMATED KEY DATES	ACTIVITY
August 2007	Held DWSRF bi-monthly meeting
October 2007	Held infrastructure financing workshops to promote and market DWSRF Program.
November 2007	Hold DWSRF bi-monthly meeting
November 2007	Attend Fall CIFA Conference
January 2008	Hold DWSRF bi-monthly meeting
March 2008	Hold DWSRF bi-monthly meeting
Spring 2008	Hold infrastructure financing workshops to promote and market DWSRF program
Spring 2008	Attend Region VIII All States Meeting
May 2008	Hold DWSRF bi-monthly meeting
May 2008	Attend Spring CIFA Conference

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS

ASAP	Automated Standard Application for Payments
AWWA/MWEA	American Water Works Association/Montana Water Environment Association
BAN	Bond Anticipation Note
CIFA	Council of Infrastructure Financing Authorities
DBE	Disadvantaged Business Enterprises
DEQ	Montana Department of Environmental Quality
DNRC	Montana Department of Natural Resources and Conservation
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
FFY	Federal Fiscal Year (which begins October 1 and ends September 30)
GAN	Grant Anticipation Note
GO	General Obligation
IUP	Intended Use Plan
LT2ESWTR	Long Term 2 Enhanced Surface Water Treatment Rule
LAC	Legislative Audit Committee
LAD	Legislative Audit Division
MBE	Minority Business Enterprises
MPDES	Montana Pollution Discharge Elimination System
NPS	Nonpoint Source
NMP	National Municipal Policy
PPAD	Planning, Prevention and Assistance Division
PPL	Project Priority List
PWSS	Public Water Supply Supervision
RSID	Rural Special Improvement District
SDWA	Safe Drinking Water Act
SFY	State Fiscal Year (which begins July 1 and ends June 30)
SID	Special Improvement District
SDWIS	State Drinking Water Information System
SWP	Source Water Protection
TFAB	Technical and Financial Assistance Bureau
TSEP	Treasure State Endowment Program
W₂ASACT	Water, Wastewater and Solid Waste Action Coordinating Team

WBE	Women Business Enterprises
WPCSRF	Water Pollution Control State Revolving Fund

Exhibit 1: Sources of DWSRF Funds Through SFY 07

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Project Commitments by Fiscal Year	Actual State Match GO Bonds Issues
1) FS-998850-97 6/30/98; 1997	1998	\$ 14,826,200	\$ -	\$ -	\$ -
No Grants awarded in SFY99	1999	\$ -	\$ 2,965,240	\$ 24,274,000	(1) * \$3,065,000
2) FS-998850-98 7/26/99; 1998	2000	\$ 7,121,300	\$ 1,424,260		\$ -
3) FS-998850-99 9/14/99; 1999		\$ 7,463,800	\$ 1,492,760	\$ 15,073,701	(2) \$2,990,000
4) FS-998850-00 10/02/00; 2000	2001	\$ 7,757,000	\$ 1,551,400		\$ -
5) FS-998850-01 05/21/01; 2001		\$ 7,789,100	\$ 1,557,820	\$ 11,204,000	(3) \$3,190,000
6) FS-998850-02 02/21/02; 2002	2002	\$ 8,052,500	\$ 1,610,500	\$ 3,495,000	\$ -
No Grants awarded in SFY03	2003	\$ -		\$ 9,090,000	(4) \$1,675,000
7) FS-998850-03 07/16/03 (set asides) & 6/28/04; 2003	2004	\$ 8,004,064	\$ 1,600,813	\$ 8,180,780	\$ -
8) FS-998850-05 08/16/04 (04 set asides), 6/16/05 (2004 & 2005 grants & 2005 set asides)	2005	\$ 16,588,524	\$ 3,317,705	\$ 12,683,000	\$ 3,875,000
8) FS-998850-05 8/5/05 Transfer to WPCSRF		\$ (5,000,000)			
9) FS-998850-06 5/17/06; 2006	2006	\$ 8,229,300	\$ 1,645,860	\$ 24,929,596	\$ -
10) FS-998850-07 6/5/07; 2007	2007	\$ 8,229,000	\$ 1,645,800	\$ 17,007,000	\$ -
TOTAL		\$ 89,060,788	\$ 18,812,158	\$ 125,937,077	\$ 14,795,000

*Bond Anticipation Note issued 7-31-98 for \$1,000,000, paid off by GO Bond for \$3,065,000 issued 10-6-98

- 1) First General Obligation Bond Issued October 1, 1998 for \$3,065,000
- 2) Second General Obligation Bond Issued April 15, 2000 for \$2,990,000
- 3) Third General Obligation Bond Issued June 15, 2001 for \$3,190,000
- 4) Fourth General Obligation Bond Issued June 15, 2003 for \$1,675,000
- 5) Fifth General Obligation Bond Issued April 19, 2005 for \$3,875,000

Exhibit 2: DWSRF Binding Commitments Executed

Public Entity	Type of Security	B.C. Date	B.C. Amount	Bond Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest	Net Interest	Term
Big Sandy	Revenue	11/30/2006	\$ 353,000.00	\$ 353,000.00	\$ 334,541.00	\$ 18,459.00	1/8/2007	2.75%	2.00%	20
Big Sky	GO	12/8/2006	\$ 5,000,000.00	\$ -	\$ -	\$ -		2.75%	2.00%	20
Havre	Revenue	2/16/2007	\$ 500,000.00	\$ -	\$ -	\$ -		2.75%	2.00%	20
Havre	Revenue	2/16/2007	\$ 960,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Helena	Revenue	3/2/2007	\$ 2,750,000.00	\$ 2,750,000.00	\$ 230,547.00	\$ 2,519,453.00	6/14/2007	3.75%	2.00%	20
Jette Meadows BAN	Revenue	6/20/2007	\$ 50,000.00	\$ -	\$ -	\$ -		2.75%	2.00%	2
Jette Meadows	Revenue	2/6/2007	\$ 300,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Kalispell Refinance	Revenue	3/5/2007	\$ 1,283,159.00	\$ 1,283,159.00	\$ 1,283,159.00	\$ -	6/20/2007	3.75%	2.00%	8
Kalispell	Revenue	3/5/2007	\$ 1,629,841.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Lewis & Clark County	Revenue	6/4/2007	\$ 396,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	22
Lockwood WSD	Revenue	12/4/2006	\$ 1,100,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Lorraine South WD	Revenue	3/9/2007	\$ 142,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Miles City (increase) *	Revenue	5/17/2007	\$ 733,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Panoramic Mtn River WD	Revenue	6/19/2007	\$ 100,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Richey	Revenue	10/11/2006	\$ 120,000.00	\$ 120,000.00	\$ 37,629.00	\$ 82,371.00	12/7/2006	2.75%	2.00%	20
Sheridan BAN (increase) *	Revenue	7/13/2006	\$ 100,000.00	\$ 100,000.00	\$ 54,886.00	\$ 45,114.00	9/13/2006	2.75%	2.00%	2.5
Sunny Meadows WD	Revenue	11/2/2006	\$ 200,000.00	\$ -	\$ -	\$ -		2.75%	2.00%	20
Superior	Revenue	6/20/2007	\$ 298,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Upper Lower River Rd	Revenue	3/28/2007	\$ 500,000.00	\$ -	\$ -	\$ -		2.75%	2.00%	20
Upper Lower River Rd	Revenue	3/28/2007	\$ 119,000.00	\$ -	\$ -	\$ -		3.75%	2.00%	20
Yellowstone County	RSID	2/15/2007	\$ 373,000.00	\$ 373,000.00	\$ 373,000.00	\$ -	5/1/2007	3.75%	2.00%	20
Total Committed			\$ 17,007,000.00	\$ 4,979,159.00	\$ 2,313,762.00	\$ 2,665,397.00				

* Increase or decrease to a prior fiscal year binding commitment
Miles City total commit amount \$2,700,000
Sheridan BAN total commit amount \$195,000

Exhibit 3: DWSRF Capitalized Grant Closed Loans for SFY 07

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Dry Prairie II	Revenue	6/12/2006	\$ 507,000.00	\$ 507,000.00	\$ 507,000.00	\$ -	11/3/2006	2.75%
Plentywood II	Revenue	4/14/2005	\$ 500,000.00	\$ 500,000.00	\$ 477,177.00	\$ 22,823.00	7/5/2006	3.75%
Sheridan BAN (increase)	BAN	7/13/2006	\$ 100,000.00	\$ 100,000.00	\$ 54,886.00	\$ 45,114.00	9/13/2006	2.75%
Closed Loans			\$ 1,107,000.00	\$ 1,107,000.00	\$ 1,039,063.00	\$ 67,937.00		

Exhibit 4: DWSRF Recycled Closed Loans for SFY 07

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Big Sandy	Revenue	11/30/2006	\$ 353,000.00	\$ 353,000.00	\$ 334,541.00	\$ 18,459.00	1/8/2007	2.75%
Helena	Revenue	3/2/2007	\$ 2,750,000.00	\$ 2,750,000.00	\$ 230,547.00	\$ 2,519,453.00	6/14/2007	3.75%
Kalispell refinance	Revenue	3/5/2007	\$ 1,283,159.00	\$ 1,283,159.00	\$ 1,283,159.00	\$ -	6/20/2007	3.75%
Richey	Revenue	10/11/2006	\$ 120,000.00	\$ 120,000.00	\$ 37,629.00	\$ 82,371.00	12/7/2006	2.75%
Yellowstone County	RSID	2/15/2007	\$ 373,000.00	\$ 373,000.00	\$ 373,000.00	\$ -	5/1/2007	3.75%
Closed Loans			\$ 4,879,159.00	\$ 4,879,159.00	\$ 2,258,876.00	\$ 2,620,283.00		

Exhibit 5: History of DWSRF Binding Commitments

Federal Fiscal QTR/YR	State Fiscal Year	Qtr	Grant Payments	Cumulative Payments	Binding Commitment	Fiscal Year Binding Commitment	Cumulative Binding Commitment	BC/Payments One Year Earlier
4Q FFY97	SFY98	1	\$ -	\$ -	\$ -	\$ -	\$ -	
1Q FFY98	SFY98	2						
2Q FFY98	SFY98	3						
3Q FFY98	SFY98	4	\$ 15,094,248	\$ 15,094,248				
4Q FFY98	SFY99	1		\$ 15,094,248	\$ 22,935,000		\$ 22,935,000	
1Q FFY99	SFY99	2		\$ 15,094,248	\$ 291,000		\$ 23,226,000	
2Q FFY99	SFY99	3		\$ 15,094,248			\$ 23,226,000	
3Q FFY99	SFY99	4		\$ 15,094,248	\$ 1,048,000	\$ 24,274,000	\$ 24,274,000	
4Q FFY99	SFY00	1	\$ 7,777,812	\$ 22,872,060	\$ 4,193,000		\$ 28,467,000	
1Q FFY00	SFY00	2		\$ 22,872,060	\$ 3,832,000		\$ 32,299,000	213.98%
2Q FFY00	SFY00	3		\$ 22,872,060	\$ 2,321,373		\$ 34,620,373	229.36%
3Q FFY00	SFY00	4		\$ 22,872,060	\$ 4,727,328	\$ 15,073,701	\$ 39,347,701	260.68%
4Q FFY00	SFY01	1	\$ 8,173,932	\$ 31,045,992	\$ 1,250,000		\$ 40,597,701	177.50%
1Q FFY01	SFY01	2		\$ 31,045,992	\$ 2,265,000		\$ 42,862,701	187.40%
2Q FFY01	SFY01	3		\$ 31,045,992	\$ 2,893,000		\$ 45,755,701	200.05%
3Q FFY01	SFY01	4		\$ 31,045,992	\$ 4,796,000	\$ 11,204,000	\$ 50,551,701	221.02%
4Q FFY01	SFY02	1	\$ 8,648,120	\$ 39,694,112	\$ 1,641,000		\$ 52,192,701	168.11%
1Q FFY02	SFY02	2		\$ 39,694,112	\$ 1,066,000		\$ 53,258,701	171.55%
2Q FFY02	SFY02	3		\$ 39,694,112	\$ 604,000		\$ 53,862,701	173.49%
3Q FFY02	SFY02	4	\$ 8,910,356	\$ 48,604,468	\$ 184,000	\$ 3,495,000	\$ 54,046,701	174.09%
4Q FFY02	SFY03	1		\$ 48,604,468	\$ 2,500,000		\$ 56,546,701	142.46%
1Q FFY03	SFY03	2		\$ 48,604,468	\$ 887,000		\$ 57,433,701	144.69%
2Q FFY03	SFY03	3	\$ 8,805,900	\$ 57,410,368	\$ 4,703,000		\$ 62,136,701	156.54%
3Q FFY03	SFY03	4		\$ 57,410,368	\$ 1,000,000	\$ 9,090,000	\$ 63,136,701	129.90%
4Q FFY03	SFY04	1		\$ 57,410,368	\$ 1,384,000		\$ 64,520,701	132.75%
1Q FFY04	SFY04	2		\$ 57,410,368	\$ 1,229,000		\$ 65,749,701	135.28%
2Q FFY04	SFY04	3		\$ 57,410,368	\$ 3,355,780		\$ 69,105,481	120.37%
3Q FFY04	SFY04	4	\$ 8,574,713	\$ 65,985,081	\$ 2,212,000	\$ 8,180,780	\$ 71,317,481	124.22%
4Q FFY04	SFY05	1		\$ 65,985,081	\$ 565,000		\$ 71,882,481	125.21%
1Q FFY05	SFY05	2		\$ 65,985,081	\$ (45,000)		\$ 71,837,481	125.13%
2Q FFY05	SFY05	3		\$ 65,985,081	\$ 4,587,000		\$ 76,424,481	133.12%
3Q FFY05	SFY05	4	\$ -	\$ 65,985,081	\$ 7,576,000	\$ 12,683,000	\$ 84,000,481	127.30%
4Q FFY05	SFY06	1		\$ 65,985,081	\$ 19,032,596		\$ 103,033,077	156.15%
1Q FFY06	SFY06	2		\$ 65,985,081	\$ 179,000		\$ 103,212,077	156.42%
2Q FFY06	SFY06	3		\$ 65,985,081	\$ 638,000		\$ 103,850,077	157.38%
3Q FFY06	SFY06	4	\$ 11,505,685	\$ 77,490,766	\$ 5,080,000	\$ 24,929,596	\$ 108,930,077	165.08%
4Q FFY06	SFY07	1		\$ 77,490,766	\$ 100,000		\$ 109,030,077	165.23%
1Q FFY07	SFY07	2		\$ 77,490,766	\$ 6,756,000		\$ 115,786,077	175.47%
2Q FFY07	SFY07	3		\$ 77,490,766	\$ 8,557,000		\$ 124,343,077	188.44%
3Q FFY07	SFY07	4	\$ 8,745,988	\$ 86,236,754	\$ 1,594,000	\$ 17,007,000	\$ 125,937,077	162.52%
	TOTALS		\$ 86,236,754				\$ 125,937,077	
	CUM TOTAL		\$ 86,236,754				\$ 125,937,077	

Exhibit 6: DWSRF Projected Binding Commitments for SFY 08

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Columbus	Jul-07	\$ 110,000
Dry Prairie	Nov-07	\$ 500,000
Gardiner Park	Aug-07	\$ 200,000
Harlem	Mar-08	\$ 1,000,000
Rae WSD	Feb-08	\$ 250,000
Whitefish	Jul-07	\$ 1,000,000
Miles City	Dec-07	\$ 2,700,000
Shelby	Oct-07	\$ 650,000
Goodan Keil	Oct-07	\$ 500,000
Elk Meadows	Dec-07	\$ 475,000
Total		\$ 7,385,000

Exhibit 7: Amounts Available to Transfer Between State Revolving Fund Programs

Year	Transaction Description	DWSRF Cap Grant Amount	33% of Cap Grant Amount (Eligible for Transfer)	Transferred from CWSRF to DWSRF	Transferred from DWSRF to CWSRF	Banked Transfer Ceiling	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1996 & 1997	DW Grant Award	14,826,200	4,892,646	---	---	4,892,646	4,892,646	4,892,646
1998	DW Grant Award	7,121,300	2,350,029	---	---	7,242,675	7,242,675	7,242,675
1999	DW Grant Award	7,463,800	2,463,054	---	---	9,705,729	9,705,729	9,705,729
2000	DW Grant Award	7,757,000	2,559,810	---	---	12,265,539	12,265,539	12,265,539
2000	Transfer (2nd Rnd \$)			4,750,328	---	12,265,539	17,015,867	7,515,211
2001	DW Grant Award	7,789,100	2,570,403	---	---	14,835,942	19,586,270	10,085,614
2001	Transfer (2nd Rnd \$)			4,032,158	---	14,835,942	23,618,428	6,053,456
2002	DW Grant Award	8,052,500	2,657,325	---	---	17,493,267	26,275,753	8,710,781
2004	DW Grant Award (03)	8,004,064	2,641,341	---	---	20,134,608	28,917,094	11,352,122
2004	Transfer (2nd Rnd \$)			---	2,559,810	20,134,608	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)			---	2,570,403	20,134,608	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)			---	1,000,000	20,134,608	22,786,881	17,482,335
2005	DW Grant Awards (04 & 05)	16,588,524	5,474,213	---	---	25,608,821	28,261,094	22,956,548
2006	DW Grant Award (06)	8,229,300	2,715,669	---		28,324,490	30,976,763	25,672,217
2006	Transfer (1st Rnd \$)			---	5,000,000	28,324,490	25,976,763	30,672,217
2007	DW Grant Award	8,229,000	2,715,570			31,040,060	28,692,323	33,387,787
Totals		\$94,060,788	\$31,040,060	\$8,782,486	\$11,130,213			

Transfer of Funds Between SRF and WRF

Authority to Transfer					
Award of Water Grant	1996 & 97	\$	14,826,200	x33%	\$ 4,892,646
	1998		7,121,300	x33%	2,350,029
	1999		7,463,800	x33%	2,463,054
	2000		7,757,000	x33%	2,559,810
	2001		7,789,100	x33%	2,570,403
	2002		8,052,500	x33%	2,657,325
	2003		8,004,064	x33%	2,641,341
	2004 & 05		16,588,524	x33%	5,474,213
	2006		8,229,300	x33%	2,715,669
	2007		8,229,000	x33%	2,715,570
					<u>\$ 31,040,060</u>
Authority Used					
Fiscal Year	Type of Funds	SRF to WRF		WRF to SRF	
SFY 2000	Recycled	\$	4,750,328	\$	-
SFY 2001	Recycled		4,032,158		-
SFY 2002			-		-
SFY 2003			-		-
SFY 2004	Recycled		-		2,559,810
SFY 2005	Recycled		-		3,570,403
SFY 2006	Grant		-		5,000,000
SFY 2007			-		-
		<u>\$</u>	<u>8,782,486</u>	<u>\$</u>	<u>11,130,213</u>
			SRF		WRF
Authority Available		\$	31,040,060	\$	31,040,060
Used Authority		<u>\$</u>	<u>8,782,486</u>	<u>\$</u>	<u>11,130,213</u>
Balance Available		\$	22,257,574	\$	19,909,847

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 07

**Summary of Drinking Water SRF Federal Draws
State Fiscal Year 2007**

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
1st Quarter							
07/05/06	58,954					58,954	14,738
07/18/06	12,298					12,298	3,075
07/19/06	69,273					69,273	17,318
07/27/06				6,000		6,000	
07/28/06	6,626					6,626	1,657
07/31/06	198,216					198,216	49,556
08/01/06	8					8	
08/02/06	216,322	15,000		40,000		271,322	54,081
08/08/06		10,000		20,000	1,000	31,000	
08/11/06	1,650,225					1,650,225	412,556
08/16/06				25,000		25,000	
08/18/06		10,000				10,000	
08/22/06	20,585					20,585	5,146
08/28/06	100,022					100,022	25,006
09/01/06		15,000		20,000		35,000	
09/05/06	14,698					14,698	3,674
09/12/06		10,000		35,000		45,000	
09/26/06		15,000	21,750	17,650	6,200	60,600	
09/28/06	700,114					700,114	175,028
1st Quarter Draws	\$ 3,047,341	\$ 75,000	\$ 21,750	\$ 163,650	\$ 7,200	\$ 3,314,941	\$ 761,835

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 07 (Continued)

**Summary of Drinking Water SRF Federal Draws
State Fiscal Year 2007**

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2nd Quarter							
10/02/06		10,000		50,000		60,000	
10/10/06	81,249					81,249	20,312
10/12/06	6,334					6,334	1,583
10/16/06		5,000				5,000	
10/24/06		15,000		25,000		40,000	
11/01/06		7,000	500	500	36,000	44,000	
11/02/06	267,965					267,965	66,991
11/13/06		10,500		28,500	500	39,500	
11/14/06	1,565					1,565	391
11/16/06		12,500		5,500		18,000	
11/21/06	1,629,494	11,000		22,000	1,000	1,663,494	407,374
11/30/06	53,098					53,098	13,275
12/05/06		20,000	25,000	106,000	1,000	152,000	
12/07/06		5,000		15,000		20,000	
12/08/06	8,507					8,507	2,127
12/14/06	84,244					84,244	21,061
12/18/06	1,436					1,436	359
12/20/06		21,000		3,000	1,000	25,000	
12/28/06	12,594					12,594	3,148
2nd Quarter Draws	\$ 2,146,486	\$ 117,000	\$ 25,500	\$ 255,500	\$ 39,500	\$ 2,583,986	\$ 536,621

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 07 (Continued)

**Summary of Drinking Water SRF Federal Draws
State Fiscal Year 2007**

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
3rd Quarter							
01/04/07	2,413	20,000		9,800	1,000	33,213	603
01/12/07				31,500		31,500	
01/19/07	53,391					53,391	13,348
01/22/07		12,000		22,000	1,000	35,000	
01/25/07		8,000		2,000		10,000	
01/30/07		13,000		22,500	500	36,000	
01/31/07				5,000		5,000	
02/01/07	1,233,588					1,233,588	308,397
02/09/07		12,000		18,000		30,000	
02/14/07		9,500		30,000	500	40,000	
02/21/07	8,170					8,170	2,043
02/26/07		16,000		21,000	500	37,500	
03/13/07		25,500		51,500	500	77,500	
03/23/07				44,500	7,500	52,000	
03/27/07		14,000		25,000	1,000	40,000	
3rd Quarter Draws	\$ 1,297,562	\$ 130,000	\$ -	\$ 282,800	\$ 12,500	\$ 1,722,862	\$ 324,391

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 07 (Continued)

**Summary of Drinking Water SRF Federal Draws
State Fiscal Year 2007**

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
4th Quarter							
04/11/07		(17,000)	32,000	(22,800)	(5,700)	(13,500)	
04/24/07		2,000	100	19,400	500	22,000	
04/25/07	20,279					20,279	5,070
04/27/07		10,172				10,172	
05/07/07	1,674,102					1,674,102	418,526
05/08/07		12,000	500	22,500		35,000	
05/10/07	119,386					119,386	29,846
05/14/07				12,000		12,000	
05/21/07				40,000		40,000	
06/11/07				10,100	150	10,250	
06/14/07	6,952		20,000	2,000		28,952	1,738
06/22/07				26,100	1,350	27,450	
4th Quarter Draws	\$ 1,820,719	\$ 7,172	\$ 52,600	\$ 109,300	\$ (3,700)	\$ 1,986,091	\$ 455,180
Total FY07 Draws	\$ 8,312,108	\$ 329,172	\$ 99,850	\$ 811,250	\$ 55,500	\$ 9,607,880	\$ 2,078,027

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 07

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: FS998850 - 97	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	593,048	593,048	-	-
Technical Assistance	296,524	296,524	-	-
State Programs				
Public Water Supply Administration	120,000	120,000	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	55,000	55,000	-	-
<i>Subtotal</i>	<i>325,000</i>	<i>325,000</i>	-	-
Local Assistance	1,482,620	1,482,620	-	-
Loans	12,129,008	12,129,008	-	-
Total	14,826,200	14,826,200	-	-

Program Name: FS998850 - 98	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	284,852	284,852	-	-
Technical Assistance	142,426	142,426	-	-
State Programs				
Public Water Supply Administration	155,470	155,470	-	-
Source Water Protection/Database	105,000	105,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>340,470</i>	<i>340,470</i>	-	-
Loans	6,353,552	6,353,552	-	-
Total	7,121,300	7,121,300	-	-

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 07 (Continued)

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: FS998850 - 99	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	298,552	298,552	-	-
Technical Assistance	149,276	149,276	-	-
State Programs				
Public Water Supply Administration	154,800	154,800	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>334,800</i>	<i>334,800</i>	-	-
Loans	6,681,172	6,681,172	-	-
Total	7,463,800	7,463,800	-	-

Program Name: FS998850 - 00	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	310,280	310,280	-	-
State Programs				
Public Water Supply Administration	155,000	155,000	-	-
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	70,000	70,000	-	-
<i>Subtotal</i>	<i>350,000</i>	<i>350,000</i>	-	-
Loans	7,096,720	7,096,720	-	-
Total	7,757,000	7,757,000	-	-

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06 (Continued)

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: FS998850 - 01	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	311,564	311,564	-	-
State Programs				
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
<i>Subtotal</i>	<i>125,000</i>	<i>125,000</i>	-	-
Loans	7,352,536	7,352,536	-	-
Total	7,789,100	7,789,100	-	-

Program Name: FS998850 - 02	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	322,100	322,100	-	-
State Programs				
Public Water Supply Administration	395,000	395,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>535,000</i>	<i>535,000</i>	-	-
Loans	7,195,400	7,195,400	-	-
Total	8,052,500	8,052,500	-	-

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 07 (Continued)

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: FS998850 - 03	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	320,164	320,164	-	-
Technical Assistance	125,000	125,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Public Water Supply Administration	395,000	395,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>585,000</i>	<i>585,000</i>	<i>-</i>	<i>-</i>
Loans	6,973,900	6,700,495	273,405	-
Total	8,004,064	7,730,659	273,405	-

Program Name: FS998850 - 04	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	332,124	332,124	-	-
Technical Assistance	135,000	135,000	-	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	82,000	82,000	-	-
Public Water Supply Administration	160,000	160,000	-	-
Operator Certification	90,000	90,000	-	-
<i>Subtotal</i>	<i>432,000</i>	<i>432,000</i>	<i>-</i>	<i>-</i>
Local Assistance	40,000	40,000	-	-
Total	939,124	939,124	-	-

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 07 (Continued)

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: FS998850 - 05	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	331,420	331,420	-	-
Technical Assistance	125,000	-	99,850	25,150
State Programs				
Source Water Protection/Database	100,000	99,964	36	-
Capacity Development	75,000	71,045	3,955	-
Public Water Supply Administration	630,000	191,330	418,159	20,511
Operator Certification	160,000	59,411	76,100	24,489
<i>Subtotal</i>	<i>965,000</i>	<i>421,750</i>	<i>498,250</i>	<i>45,000</i>
Local Assistance	40,000	-	25,000	15,000
Loans	9,187,980	-	8,038,703	1,149,277
Total	10,649,400	753,170	8,661,803	1,234,427

Program Name: FS998850 - 06	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	329,172	-	329,172	-
Technical Assistance	20,000	-	-	20,000
State Programs				
Source Water Protection/Database	100,000	-	67,295	32,705
Capacity Development	50,000	-	32,264	17,736
Public Water Supply Administration	550,000	-	213,441	336,559
Operator Certification	30,000	-	-	30,000
<i>Subtotal</i>	<i>730,000</i>	<i>-</i>	<i>313,000</i>	<i>417,000</i>
Local Assistance	50,000	-	30,500	19,500
Loans	7,100,128	-	-	7,100,128
Total	8,229,300	-	672,672	7,556,628

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 07 (Continued)

**Drinking Water State Revolving Fund
State Fiscal Year 2007
Budget v. Draw by Category**

Program Name: Total All Grants	Budget	Previous Draws	SFY 07 Draws	Balance 6/30/2007
Administration	3,433,276	3,104,104	329,172	-
Technical Assistance	993,226	848,226	99,850	45,150
State Programs				
Public Water Supply Administration	2,715,270	1,726,600	631,600	357,070
Source Water Protection/Database	855,000	754,964	67,331	32,705
Capacity Development	427,000	373,045	36,219	17,736
Operator Certification	725,000	594,411	76,100	54,489
<i>Subtotal</i>	<i>4,722,270</i>	<i>3,449,020</i>	<i>811,250</i>	<i>462,000</i>
Local Assistance	1,612,620	1,522,620	55,500	34,500
Loans	70,070,396	53,508,883	8,312,108	8,249,405
Total	80,831,788	62,432,853	9,607,880	8,791,055

Exhibit 10: Set Asides 1 to 1 Match Funding Summary

**MONTANA DEPT OF ENVIRONMENTAL QUALITY
PUBLIC WATER SUPPLY PROGRAM**

INTENDED USE PLAN

		FUND SOURCES		
State FYE 93		FEDERAL	STATE MATCH	STATE EXCESS
Activity	R/C			
Public Water Supply Program	2511/2512	738,559	246,186	
Drinking Water Fees	2512			203,526
Subdivisions	2515			173,061
Subdivision Supplemental	2518			101,731
Board Cert for W&WW Operators	2516			57,085
	TOTAL FY 93	738,559	246,186	535,404

		FUND SOURCES		
State FYE 07		FEDERAL	STATE Match	STATE Match
Activity	Org Unit	PPG Grant	PPG Grant	for SRF Grant
Public Water Supply Program - 02204	120520, 302832, 545811	1,258,698	295,339	
Subdivision Fees - 02418	546115 - 546130			1,496,661
Drinking Water Fees - 02204	545812, 545819, 545856			482,156
Board Cert for W&WW Operators - 02420	545916			80,366
	TOTAL FY 07	1,258,698	295,339	2,059,182

Exhibit 11: DWSRF Loans: MBE/WBE for Contracts Awarded During SFY 07

Exhibit 11: DWSRF Loans - MBE/WBE For Contracts Awarded During SFY 07								
FFY	SFY						DBE	DBE Goal
Qtr/Yr	Qtr/Yr	Borrower	Loan No.	Bid Amount	Loan Amount	DBE Type	Amount	Percent #
04/06	01/07	None	-	-	-	-	-	-
01/07	02/07	None	-	-	-	-	-	-
02/07	03/07	None	-	-	-	-	-	-
03/07	04/07	None	-	-	-	-	-	-

None of the DWSRF loan projects during SFY07 contained an actual award to DBE contractor.

